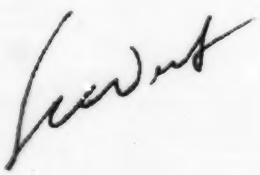
Resource Development

ACCOUNTABILITY STATEMENT

This Business Plan for the three years commencing April 1, 2000 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at February 1, 2000 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Dr. Stephen C. West, *Minister of Resource Development*
February 1, 2000

INTRODUCTION

The Ministry consists of the Department of Resource Development, the Alberta Energy and Utilities Board, and the Northern Alberta Development Council.

VISION

The Ministry ensures that the development of Alberta's energy, mineral and forest resources and the provision of efficient, reliable energy supplies to consumers occur within a policy, administrative, and regulatory framework that benefits both present and future Albertans, the owners of the resources.

MISSION

Optimize the sustained contribution from Alberta's resources in the interests of Albertans.

CORE BUSINESSES

Alberta is rich in natural resources. Albertans own these resources, and the Ministry manages them on their behalf. The Ministry is responsible for sustainable development of Alberta's forest, oil, gas, oil sands, coal, mineral resources, and energy markets, including energy utilities. The Department's leadership in developing and managing resources attracts investment to the province. The Department's core businesses are Revenue Management, Industry Development, and Resource Stewardship. The key responsibilities are to:

- Establish and optimize Albertans' share from mineral and forest resource development.
- Assess, levy and collect revenue from mineral resource development.
- Foster development, investment, trade, and research in Alberta's energy, mineral and forest resources.
- Promote effective and efficient markets to supply resources and reliable energy to Albertans.
- Manage the disposition of mineral rights and timber allocations.

The Alberta Energy and Utilities Board's (EUB) core businesses are Adjudication and Regulation; Applications, Surveillance and Enforcement; and Information and Knowledge. The key responsibilities are to:

- Adjudicate and decide on matters relating to the development and transportation of energy resources and utility rates.
- Ensure energy resource development is in the public interest.
- Ensure public safety and environment protection through regulatory requirements, surveillance, and enforcement.
- Ensure the availability of energy and mineral resource information to support responsible development.

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DEPARTMENT OF RESOURCE DEVELOPMENT
GOALS AND STRATEGIES

Note: [CG] denotes response to cross-government priorities.

GOAL 1: SECURE ALBERTANS' SHARE FROM THE DEVELOPMENT OF THEIR RESOURCES, ON A TIMELY BASIS

STRATEGIES

- Ensure the royalty, freehold tax and tenure features are responsive to changing industry, government or economic conditions.
- Ensure objectives for royalty, freehold tax and tenure features are being achieved.
- Provide clear and complete business rules, processes and legislation to facilitate industry compliance and reporting.
- Respond to changes in the business environment on a timely basis by amending royalty and tenure rules.
- Extend the natural gas liquids royalty structure to account for extracted and non-extracted natural gas liquids.
- Improve revenue assurance and management through continuous process and reporting enhancements.

GOAL 2: ESTABLISH A FRAMEWORK FOR COMPETITIVE MARKETS FOR THE BENEFIT OF ALBERTANS

STRATEGIES

- Implement deregulation of the electricity generation market by working with industry and consumer associations.
- Introduce competition in the electricity retail sector to allow consumers to make their own pricing arrangements for their power purchases by working with stakeholders to ensure an orderly and fair transition.
- Develop a process for monitoring and enhancing the competitiveness of new electricity markets that complements and does not duplicate any existing regulatory processes.
- Coordinate with utilities and industry stakeholders to minimize the possibility of service interruptions to consumers during the one year transition period to deregulation.
- Ensure that power suppliers and consumers are implementing strategies that are consistent with the Ministry's long-term vision of competitive markets in electricity.
- Provide clear and timely communication of changes in the electric industry to consumers, industry and other government agencies.
- Introduce competition in the natural gas retail sector to allow consumers to make their own pricing arrangements for their purchases by working with stakeholders to ensure a phased, orderly and fair transition.
- Provide clear and timely communication of changes in the natural gas industry to consumers, industry and other government agencies.
- Ensure distribution utilities are developed in an orderly fashion, including extension of service in rural areas. *[CG - Aboriginal Policy Initiative]*

GOAL 3: PROMOTE COMPETITIVE MARKET ACCESS FOR ALBERTA'S ENERGY AND MINERAL INDUSTRIES

STRATEGIES

- Enable development of secondary processing opportunities in Alberta by promoting effectively operating markets in which resources are available at competitive prices. *[CG - Economic Development Strategy]*
- Maintain competitive access to external markets for Alberta's resources by advocating and intervening in regulatory proceedings and other forums. *[CG - Economic Development Strategy]*
- Promote Alberta's resource development interests, both nationally and internationally, in partnership with International and Intergovernmental Relations, Economic Development and other ministries. *[CG - Economic Development Strategy]*

GOAL 4: STRENGTHEN THE COMPETITIVENESS OF THE ENERGY AND MINERALS SECTORS

STRATEGIES

- Propose a non-energy minerals development strategy for Alberta, in consultation with stakeholders.
- Facilitate the geological description of the coalbed methane resource and ensure the appropriate fiscal and regulatory framework.
- Proactively address climate change and other environmental issues affecting the energy sector in a manner that is fair and equitable to ensure that resource development is protected.
- Partner with Environment and other ministries in developing effective consultation processes to ensure certainty of land access and facilitate resource development.
- Streamline administrative and production reporting requirements for royalty, freehold tax, and tenure programs to achieve cost effective administration.
- Improve reliability of data and reduce administrative costs by developing a registry containing key oil and gas information, accessible and shareable by the Ministry and industry. *[CG - Alberta Corporate Services Centre Initiative]*
- Streamline regulatory approval processes affecting energy and pipeline development by working with other jurisdictions to resolve jurisdictional uncertainties and to protect Alberta's jurisdiction over resource ownership and management.
- Work in partnership with other ministries to develop more effective sustainable resource and environmental management approval processes in order to improve access to non-renewable resources. *[CG - Aboriginal Policy Initiative]*
- Stimulate energy-related research aimed at reducing energy development costs, in partnership with the Ministry of Innovation and Science.
- Lead the development of strategies to ensure the continued availability of a trained and skilled workforce, including Aboriginal participation, for the resource sector and to leverage Alberta's expertise and innovation. *[CG - Aboriginal Policy Initiative]*

GOAL 5: SUSTAIN GROWTH OPPORTUNITIES IN THE FOREST SECTOR THROUGH MAXIMIZATION OF THE WOOD FIBRE OPPORTUNITY, SECONDARY PROCESSING AND EXPORT OF FOREST PRODUCTS

STRATEGIES

- Lead the development of a long-term strategy for forest industry development to support stable economic growth in the industry.
- Allocate timber resources to sustain long-term industry needs.
- Develop a revenue strategy and policies that balance a fair share of revenue with sector competitiveness, for the benefit of Albertans.
- Foster strategic alliances or supply agreements between primary and value-added producers during tenure renewals to improve secondary access to raw materials. *[CG - Economic Development Strategy]*
- Partner with Economic Development to foster value-added development of forest products and facilitate market access. *[CG - Economic Development Strategy]*
- Partner with Environment to ensure a supportive land use and forest management policy that provides stability, continuity, and clarity to the industry.
- Nurture public awareness of forest industry management practices and the economic significance of the sector.

GOAL 6: MANAGE THE DEPARTMENT IN AN EFFECTIVE, AFFORDABLE MANNER AND PROVIDE AN ATTRACTIVE WORK ENVIRONMENT FOR EMPLOYEES

STRATEGIES

- Continue to evaluate alternative service delivery methods and partnerships to improve efficiency by adding to and building on the Department's long-standing shared service arrangements with other ministries. *[CG - Alberta Corporate Services Centre Initiative]*
- Contribute to cross-government initiatives to support the Government Business Plan.
- Implement a human resource strategy aimed at improving staff retention, attraction and development. *[CG - Corporate Human Resource Development Strategy]*
- Build business excellence into Department business practices.
- Develop a culture that honours ideas, tolerates risks, provides stimulation through diverse interactions and free flow of information, and allows time to cultivate ideas and innovation.
- Align the Department's organization and processes with the strategic direction of our business and culture.

PERFORMANCE MEASURES

GOAL 1: SHARING THE PROFITS FROM RESOURCE DEVELOPMENT – *TARGET: THE TARGET RANGE IS 20% TO 30%*

Alberta's resource development system is intended to balance two key objectives.

- To capture a fair share of the revenue from the development of resources, for the benefit of Albertans.
- To encourage continued investment in and development of the resources by leaving enough revenue with producers to cover costs and a fair profit.

For the core resources of oil and natural gas, an indicator of this balance is the portion of industry's annual net operating revenue that is paid to the Crown as royalty.

	1993	1994	1995	1996	1997	1998 Estimate
Three year moving average	25%	23%	22%	23%	22%	21%

Source: Developed from information in Energy Update published by ARC Financial Corp.

GOAL 1: REVENUE ASSURANCE

Assessing and collecting all revenue due to the Crown from development of its resources is a primary responsibility of the Department. To provide assurance that revenue is complete, accurate and fairly valued, the Department monitors several key indicators through revenue reporting and historical audits. In addition, we target that no material weaknesses will be identified by the Auditor General in the annual review. Following improvements to our audit scope and revenue reporting in 2000 - 2001, integrated measures will be established to monitor revenue. In the interim, the Department assesses the following early indicators, some of which may be replaced in future business plans.

Natural gas revenue is assessed and collected in a timely manner

- **Timely Invoices** – *Target: 100% of invoices are issued by the last day of the month.*

  On or before the last day of the month, gas royalty invoices are issued to all royalty clients with production during the month.

	1996	1997	1998	1999 January to July
Invoices issued by month-end	100%	100%	100%	100%

Source: Alberta Resource Development

- **Late Filing** – *Target: The penalty structure is changing. This indicator will be monitored to establish a target.*

  Penalties are assessed when a required filing is received after the due date. This indicator represents the proportion of documents subject to penalties. In November 1999, the penalty structure was revised to implement a variable, rather than a fixed, penalty that is based on the due date, rather than the receipt date, of the document.

	1998	1999 April to August
Documents subject to penalties (average) under old penalty rules	5.4%	2.5%

Source: Alberta Resource Development

- **Provisional Assessments** – *Target: This is a new process that is being monitored to ensure consistency.*

  To encourage accurate and timely volumetric reporting, provisional assessments are levied if filings are late or are not accurate. Assessment levels are an indication of the extent of gas royalty that is not reported accurately the first time. This is a new process and the Department monitors trends in this measure to ensure consistency.

	1997 May to December	1998	1999 January to July
Provisional assessments	23.5%	17.7%	13.4%

Source: Alberta Resource Development

The Crown is receiving a fair market price for royalty crude oil

- **Crude Oil Marketing** – *Target: The Crown receives fair market value for its product.*

  The Crown's royalty on conventional crude oil is taken as product and since June 1996 has been sold through marketing agents. Payment received from the sale of this oil is revenue to the Crown. Posted prices that refineries are willing to pay for crude oil are the accepted industry standard for fair market value. Comparing the posted prices to the equivalent price received by the Crown provides an indication of whether the Crown is receiving fair market value for its product.

Can$/m³	Light Sweet Crude	Light Sour Crude	Heavy Crude
Average 1999 Crown price January to July	$0.69 above Edmonton postings	$0.95 above Hardisty postings	$0.60 above Hardisty postings

Source: Alberta Resource Development

GOAL 2: DEREGULATION OF ALBERTA'S ELECTRICITY INDUSTRY

In 1998, the *Electric Utilities Amendment Act* (EUAA) was passed as a key step in deregulation. The *Act* introduced further industry structure and regulatory reforms designed to increase efficiency in the electricity industry. These reforms will increase the competitiveness of wholesale electricity markets and retail markets.

- **Power Pool Participation** – *Target: Increase participation to 52 by 2001.*

  The growth in power pool participation is an indicator of the success of implementing competition in Alberta's electricity market.

	1995	1996	1997	1998	1999 As of October 14	2001
Number of power pool participants	22	33	38	40	45	52

Source: Power Pool of Alberta

- **Consumer Awareness** – *Target to be established following an initial survey to determine the base level of consumer awareness of electricity deregulation.*

  The level of public awareness of changes resulting from electricity deregulation will affect the ability of consumers to make an informed choice of their electrical supplier in Fall 2000. To provide consumers with information and education, the Department will undertake an information campaign in 2000. To measure consumer awareness, surveys

will be conducted prior to and during the campaign. A target will be established after the initial survey, with reference to the experience of other jurisdictions.

GOAL 3: NATURAL GAS PIPELINE CAPACITY
TARGET: INCREASE NATURAL GAS PIPELINE CAPACITY

To evaluate market access, the Department monitors instances when demand for throughput exceeds available pipeline capacity. In recent years, *take-away* pipeline capacity has been insufficient to meet demand, thereby reducing the market value of Albertans' natural gas resources. Available capacity increased in late 1998 with expansion of TransCanada Pipelines and Foothills/Northern Border Pipeline. The Alliance project will increase capacity to 13.3 billion cubic feet per day (bcf/d) by the end of 2000.

	1995	1996	1997	1998	1999 As of August 1999
Utilization rate	93%	95%	97%	98%	92%
Capacity bcf/d	10.38	10.48	10.69	11.9	12.0

Source: NOVA Gas Transmission Ltd.

GOAL 3: SECONDARY PROCESSING
TARGET: ENCOURAGE STEADY GROWTH BY INDUSTRY

The volume of primary resources that undergo secondary processing in Alberta is an indication of the growth in Alberta's processing capability. Plant expansions and new projects are expected to increase synthetic crude oil production and ethane demand.

- **Bitumen upgrading in Alberta** - *volumes consumed in Alberta synthetic crude oil manufacturing, and the per cent of bitumen production upgraded to synthetic crude oil.*

Average Production *(thousands of barrels/day)*	1995	1996	1997	1998	1999 January to July
Synthetic crude oil	278.1	279.5	285.5	305.1	320.3
Total Bitumen	483.6	499.8	588.2	654.1	662.4
Synthetic crude as a % of bitumen production	58%	56%	49%	47%	48%

Source: Alberta Energy and Utilities Board

- **Ethane upgrading in Alberta** - *volumes consumed in Alberta petrochemical manufacturing, and the percent that Alberta petrochemical demand represents of total ethane estimated to be available in Alberta's natural gas production.*

Average Demand *(thousands of barrels/day)*	1995	1996	1997	1998	1999
Alberta ethane demand	131.2	138.3	140.5	134.2	Figures not yet published
Demand as a % of available ethane	32%	32%	32%	29%	

Source: Alberta Energy and Utilities Board and Marenco Energy Associates

GOAL 4: COST OF COMPLIANCE
TARGET: MAINTAIN ALBERTA'S COMPETITIVE ADVANTAGE

The competitiveness of Alberta's energy sector is affected by the administrative and regulatory costs of complying with government requirements for non-renewable resource exploration and development. The Department is now developing key indicators that measure the incremental administrative cost associated with royalty reporting.

GOAL 5: FOREST INDUSTRY DEVELOPMENT
TARGET: INCREASE THE TIMBER CUT AND REDUCE THE GAP BETWEEN THE HARVEST AND THE ANNUAL ALLOWABLE CUT CAP.

This measure has been adapted from a Ministry of Environment performance measure and will be evaluated as a measure for forest industry development.

This measure compares the actual annual timber harvest with the approved annual allowable cut (AAC), which is the amount of timber that can be harvested on a sustainable basis within a defined planning area. The AAC, which is set by the province, identifies the opportunity for resource development. The target is to increase the timber cut and reduce the gap between the harvest and the AAC cap, ensuring sustainable timber resource development.

Million m^3	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
AAC	25.6	25.6	24.5	24.5	24.5	22.1	22.1	23.0	23.4	23.8
Harvest	8.8	11.6	11.9	13.7	13.1	15.1	16.6	17.7	19.1	n/a
Gap	16.8	14.0	12.6	10.8	11.4	7.0	5.5	5.3	4.3	n/a

Source: Alberta Environment

GOAL 6: CLIENT SATISFACTION
TARGET: 80% LEVEL OF SATISFACTION BY 2003

Reliability, responsiveness and consistency of key services are an important consideration to industry when formulating their development and capital investment plans. The Department monitors client satisfaction to ensure services keep pace with changing requirements in the energy, mineral and forest sectors. The Department has adopted the Government of Alberta's service excellence framework, focusing on courteous, competent and timely service to clients. Feedback from clients is used to improve service.

	1998	1999
Average satisfaction	75% (Reliable to within +/- 4.5% at a 95% confidence interval)	78% (Reliable to within +/- 4.5% at a 95% confidence interval)

Source: Environics West surveys

ALBERTA ENERGY AND UTILITIES BOARD
GOALS AND STRATEGIES

Note: [CG] denotes response to cross-government priorities.

GOAL 7: PROVIDE FAIR, OBJECTIVE AND EFFICIENT APPROVAL, ADJUDICATION, AND REGULATION OF THE PROVINCE'S ENERGY DEVELOPMENT, UTILITY SERVICES AND RATES

STRATEGIES

- Work with stakeholders to develop and implement alternative dispute resolution mechanisms for resolving application and operational issues early in the energy development process. *[CG - Aboriginal Policy Initiative]*
- Improve landowner/public relations through expanding field staff's facilitative role. *[CG - Aboriginal Policy Initiative]*
- Work with other government departments and organizations, the utilities and stakeholders to effect timely resolution of issues and to develop a clear understanding of a restructured electric industry.
- Participate with industry to develop a regional strategy for considering cumulative effects and ensuring optimum resource recovery of major mineable oil sands developments.
- Improve efficiency of decision process, reducing time required from end of hearing to decision report by providing additional qualified resources and improved scheduling.
- Streamline application requirements for reservoir development and mineable oil sands projects.
- Implement operating criteria for approving mineable oil sands projects.
- Develop a pilot system for electronically filing applications.
- Increase electronic access to application guides.
- Provide a fair and effective regulatory review process for all utility applications. *[CG - Economic Development Strategy]*
- Review and update public safety policies and requirements to ensure consistent industry expectations and appropriate level of safety for Albertans.
- Develop regulatory processes to effectively address emerging issues, such as gas-over-bitumen and coalbed methane.

GOAL 8: CONDUCT SURVEILLANCE AND ENFORCEMENT PROGRAMS THAT ENSURE PUBLIC SAFETY, RESOURCE CONSERVATION, ENVIRONMENTAL PROTECTION AND QUALITY UTILITY SERVICE

STRATEGIES

- Address public concerns about energy operations through focused surveillance of higher-risk operations, problem operators, and areas of intense development.
- Expand field surveillance program to improve public confidence in the EUB inspection strategy.
- Implement regulatory processes that support reduced flaring objectives, as recommended by the Clean Air Strategic Alliance. *[CG - Economic Development Strategy]*
- Develop standards that ensure the continued delivery of quality, reliable gas and electric utility services.
- Reduce potential public liability for abandonment and reclamation of inactive wells and facilities by ensuring companies address their obligations.
- Establish permanent improvement in company compliance through the use of consistent, escalating enforcement actions in all regulatory areas.

GOAL 9: ENSURE AVAILABILITY OF AND ACCESS TO INFORMATION AND KNOWLEDGE THAT SUPPORT THE SAFE, EFFECTIVE, AND SUSTAINABLE DEVELOPMENT OF ENERGY AND MINERAL RESOURCES

STRATEGIES

- Update *business critical* systems to ensure compatibility with industry standards.
- Continue to implement improvements for data and information dissemination functions, including identification of revenue-generating opportunities.
- Participate in implementing the Volumetric Infrastructure Petroleum Information Registry recommendations for reporting volumetric data and developing a data registry. *[CG - Alberta Corporate Services Centre Initiative]*

Continued...

STRATEGIES *(CONTINUED)*

- Review data collection functions with stakeholders to assess and confirm data collected and collection requirements.
- Implement a method for electronically capturing basic well data.
- Participate with the National Energy Board and others to review and update estimates for natural gas within Alberta.
- Develop a communications strategy to keep stakeholders more informed about EUB activities.
- Improve the format and function of the current Web site and work towards expanding its use.
- Improve public access to the EUB.
- Facilitate interest in minerals exploration by identifying and mapping geologically favourable areas for diamonds and industrial and metallic mineral deposits.

GOAL 10: OPERATE IN AN EFFICIENT, COST-EFFECTIVE MANNER, ENSURING THAT REQUIRED STAFF EXPERTISE IS IN PLACE

STRATEGIES

- Complete the development and implementation of a new funding model that ensures the EUB's ongoing ability to meet service expectations.
- Continue to evaluate alternative and shared service delivery methods for improving the effectiveness of operations. *[CG - Alberta Corporate Services Centre Initiative]*
- Implement key performance indices for all core business areas.
- Upgrade human resource programs to improve the attraction, development and retention of staff, with a concerted focus on expertise renewal. *[CG - Corporate Human Resource Development Strategy]*

PERFORMANCE MEASURES

TIMELINESS OF HEARING DECISIONS

TARGET: BY 2002 - 2003, REDUCE THE TIME REQUIRED FROM THE END OF A HEARING TO A DECISION TO 90 DAYS OR LESS

Deciding on matters related to the development and transportation of energy resources and utility rates is a principal responsibility of the EUB. A more efficient hearing process that substantially reduces delays in decisions will result in benefits to all stakeholders. This indicator measures our ability to improve application and hearing process timelines while continuing to provide a fair and responsible regulatory environment.

	2000-2001	2001-20002	2002-2003
% of decisions issued in less than 90 days from the end of the hearing	90%	95%	100%

FACILITATION OF INDUSTRY/LANDOWNER CONFLICTS

TARGET: ASSIST INDUSTRY IN IMPROVING THE SATISFACTORY RESOLUTION OF OPERATIONAL COMPLIANCE COMPLAINTS RECEIVED BY FIELD SURVEILLANCE WITH RESPECT TO EXISTING FACILITIES

	1999	2000-2001	2001-2002	2002-2003
% of incidents resolved to the satisfaction of the complainant	78%	80%	83%	85%

TARGET: IMPROVE THE % OF OBJECTIONS RESOLVED, RELATED TO NEW FACILITY AND RESOURCE DEVELOPMENT APPLICATIONS (NON-ROUTINE APPLICATIONS), PRIOR TO HEARING

Utilize staff from the EUB's Surveillance and Applications Branches to facilitate conflict resolution before a hearing is required. Activities will be directed towards developing win-win solutions and avoiding public hearings. During 2000 - 2001, the EUB will evaluate its current success in order to establish achievable targets. Our initial expectation is that the

resolution of 85% of objections related to new facility and resource development applications is possible by 2001 - 2002.

APPLICATION TURNAROUND TIME
TARGET: 3 - 3.5 CALENDAR DAYS (AVERAGE) FOR ROUTINE FACILITY APPLICATIONS

Application turnaround time is an indicator of the efficiency of the EUB's application-handling processes. In 1997 and early 1998, a significant reduction in routine application turnaround times was achieved, and three- to four-day averages were maintained despite record activity levels. Statistics from the latter part of 1998 indicate that the targeted turnaround rate is being maintained.

DEREGULATION OF ALBERTA'S ELECTRICITY INDUSTRY
TARGET: COMPLETION OF ALL REGULATORY MILESTONES, WHICH HAVE BEEN SET BY THE GOVERNMENT TO SUPPORT DEREGULATION TRANSITION

PERCENTAGE OF SOLUTION GAS PRODUCTION CONSERVED
TARGET: MORE THAN 90%

Measures show the effectiveness of regulatory requirements and industry practices in achieving an appropriate degree of conservation of solution gas and environment protection by reducing flaring. In 1997, the solution gas conservation rate was 93.5%.

IT STRATEGY
TARGET: 100% OF BUSINESS DATA ELEMENTS CURRENTLY RESIDING IN THE MAINFRAME ENVIRONMENT WILL BE MIGRATED BY 2003 TO THE DATA WAREHOUSE ON THE CLIENT/SERVER PLATFORM, MAKING ALL DATA ACCESSIBLE TO STAFF

The EUB plans to put in place a data warehouse for EUB staff, industry and the public so that they can access production and facility data and the status of applications more easily and with state-of-the-art tools supporting their decision making processes. This data warehouse will complement the Shared Information Registry expected to be put in place by the Volumetric Infrastructure and Petroleum Information Registry initiative sponsored by the Ministry and industry. This will minimize redundancy in the kind of volume data and in the systems querying the data.

	1999-2000	2000-2001	2001-2002	2002-2003
% of business data elements	13%	30%	65%	100%

STAFF EXPERTISE RENEWAL
TARGET: SIGNIFICANT REDUCTION IN REGRETTABLE STAFF TURNOVER AND IMPLEMENTATION OF A LONG-TERM SUCCESSION PLAN

Without appropriate staff expertise in place, fulfilment of EUB core business commitments will be impaired. The EUB lost 1,250 person-years of experience in 1997 and 1998. The goal is to bring regrettable turnover down each year to a target of not more than 50% of that experienced in 1997/98. (Regrettable turnover is defined as departure of staff that the organization would prefer to retain.) This performance measure is designed to measure EUB staff ability to accomplish core business performance measures and depends on our ability to attain a competitive compensation strategy.

	1998 and 1999 average	2000-2001	2001-2002	2002-2003
Person years of regrettable turnover	625	500	400	300

NORTHERN ALBERTA DEVELOPMENT COUNCIL BUSINESS PLAN

MISSION

Our mission is to advance northern development through regional initiatives in partnership with the private sector, community-based organizations, and other government agencies.

The mandate of the Northern Alberta Development Council (NADC), as outlined in the Act of Legislature, is to "investigate, monitor, evaluate, plan, and promote practical measures to foster and advance general development in northern Alberta, and to advise the government thereon." Our current focus is on advancing the development of the northern economy.

Northern Alberta includes 60% of Alberta's land mass and has 10% of the province's population. It is resource rich, with 90% of Alberta's forests, all of Canada's oil sands development, nearly 40% of Alberta's conventional oil and gas activity, and 20% of Alberta's agricultural land.

The NADC reports to Cabinet through Honourable Mike Cardinal, Associate Minister of Forestry and MLA for Athabasca-Wabasca. Mr. Cardinal chairs the eight member Council, who all live and work in northern Alberta. Professional support is provided by a 12-member staff based in Peace River.

VISION

Northern Alberta has tremendous potential for economic growth, based on a strong agriculture sector and driven by energy, forestry, and tourism sector expansion. Our vision is to build on these opportunities to achieve a strong economy by training northerners and capturing local benefits from resource development, adding value to commodities, and by addressing key northern issues and barriers to development. This will contribute to the long-term strength of the provincial economy.

CORE BUSINESSES

NADC goals and strategies strongly support government's goals of enhancing People and Prosperity. We do this by facilitating the development of a thriving and progressive northern economy based on northern participation in the work force. Our goals are to:

- Receive input into priority northern development opportunities and issues.
- Promote opportunities and address barriers to the north's development.
- Increase northern skill levels.

STRATEGIC APPROACHES

The NADC works to address northern issues and opportunities. This is done through consultation, strategic initiatives, and programs. To be successful we work closely with northern organizations and government departments. Keeping people informed of northern developments is an important component of our work.

- **Consultation:** NADC meets with representatives of key northern organizations to identify opportunities and barriers, and to determine their development priorities.
- **Strategic Initiatives:** NADC initiatives promote opportunities and address barriers.

We focus on developmental strategies based on priority needs as expressed by northerners. We act as a catalyst to raise awareness of northern issues and opportunities, and as a facilitator to identify and work toward solutions to northern constraints. Our role in initiatives includes strategic planning, conducting research, sponsoring events, coordinating projects, and providing advice to government on northern matters.

- **Programs:** We offer northern post-secondary student bursaries in conjunction with Alberta Learning. We are also piloting Northern LINKS, a program that funds projects which encourage northern high school graduates to make the transition to post-secondary education.
- **Cross-government approach:** NADC works with other government departments and agencies on initiatives related to the north's development, at a variety of levels:
  - Interjurisdictional: NADC coordinates Alberta's involvement in northern initiatives that span provincial, territorial and federal governments.
  - Strategic Initiatives: NADC partners and coordinates with other government departments, the private sector and community-based organizations to carry out strategic initiatives that address northern issues and opportunities.
  - Administration: NADC's bursary programs are integrated with the administrative processes of Alberta Learning.

Northerners and others with an interest in northern development are kept informed of our activities through meetings, news releases, a regular newsletter, event advertising, and updates on our Web site.

GOALS AND STRATEGIES

Note: [CG] denotes response to cross-government priorities.

Our business plan is dynamic. Strategies are continually strengthened and refined through the consultation and discussion process. We pursue strategies that are supported by northern organizations. The NADC is positioned to address emerging opportunities and issues on an ongoing basis, and to adjust strategies as necessary.

GOAL 1: TO RECEIVE INPUT INTO PRIORITY NORTHERN DEVELOPMENT OPPORTUNITIES AND ISSUES

STRATEGIES

- Consult with key community, business and government leaders.
  - Host 2 - 3 small regional consultation forums per year across the north.
  - Meet individually with key stakeholders in northern development.
  - Gather input at NADC events as appropriate.
- Conduct initial investigation of issues and opportunities with appropriate northern stakeholders and government departments. *[CG - Aboriginal Policy Initiative]*

GOAL 2: TO PROMOTE OPPORTUNITIES AND ADDRESS BARRIERS TO THE NORTH'S DEVELOPMENT

STRATEGIES

- Support implementation of interjurisdictional initiatives. *[CG - Economic Development Strategy]*
  - Coordinate Alberta's participation in the northern Alberta/NWT Memorandum of Understanding.
  - Manage implementation of approved projects under Western Economic Partnership Agreement.

Continued...

STRATEGIES (CONTINUED)

- In partnership with others, promote development opportunities.
  - Value-added agriculture development. *[CG - Economic Development Strategy]*
  - Tourism industry development. *[CG - Economic Development Strategy]*
  - Increased Aboriginal participation in the economy. *[CG - Aboriginal Policy Initiative]*
  - Non-mineral resource development.
- Work with communities, businesses and others to identify and address infrastructure and other concerns. *[CG - Economic Development Strategy]*
  - Access to telecommunications infrastructure.
  - Transportation issues.
- Develop new initiatives as required.
- Provide information on northern Alberta in response to requests.

GOAL 3: TO INCREASE NORTHERN SKILL LEVELS

STRATEGIES

- Increase students' financial capacity to access employment related post-secondary training.
- Offer return service bursaries through the NADC Bursary Program and Bursary Partnerships Program in occupations where there is a northern shortage. Monitor the Northern Student Supplement program and coordinate its delivery with Alberta Learning.
- Continue to assess northern employers' occupation requirements; monitor and adjust bursary program focus to align with northern occupation shortages.
- Increase availability of relevant training programs that meet northern employment needs. *[CG - Economic Development Strategy]*
  - Co-sponsor an information clearinghouse with northern colleges that provides timely information on northern economic and employment trends and training needs.
  - Support development of relevant training programs in the north.
  - Identify and facilitate the development of stay-in-school strategies for northern Alberta. *[CG - Economic Development Strategy]*
  - Pilot the Northern LINKS Program to assist northern students to make the transition from high school to post-secondary education.
  - Support development of apprenticeship training for students beginning in Grade 9.
  - Develop new initiatives as required.

PERFORMANCE MEASURES

We measure our performance in three categories: consultation, strategic initiatives, and programs. Our performance related to consultation is measured under Goal 1. Results are measured based on evaluations distributed at events and compiled at the goal level for reporting purposes. Our performance on strategic initiatives is measured through surveys of our project partners and clients under Goals 2 and 3. Results from initiatives under each goal are compiled for reporting purposes. Programs under Goal 3 are measured based on program statistics collected during the year.

HOW ARE WE DOING?

GOAL	MEASURES	1998/99 ACTUAL	1999/2000 TARGET	2000/01 TARGET	2001/02 TARGET	2002/03 TARGET
Consultation Goal 1	% of participants who believe NADC consultation processes are an effective mechanism for input	95%	90%	Maintain 90%		
Strategic Initiatives Goal 2 & 3 projects	% of NADC project partners and clients who believe our project work promoted an opportunity or addressed a barrier to northern development (Note 1)	89%	90%	Maintain 90%		
Programs Goal 3	NADC Bursary recipients return service rate	76%	75%	Maintain 75%		
	Bursary Partnership Program matching funds committed	$123,000	$120,000	$125,000	$130,000	$150,000
	Northern LINKs Program	n/a	n/a	Baseline and targets to be established.		

Note 1: Question: "In your opinion, did the initiative you participated in promote an opportunity or address a barrier to development in the north?" Total includes responses: 76% yes, 13% somewhat.

Ministry Income Statement

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
REVENUE						
Non-Renewable Resource Revenue						
Natural Gas and By-Products Royalty	1,466,800	1,695,000	2,419,000	2,323,000	2,169,000	2,046,000
Crude Oil Royalty	469,897	346,000	941,000	632,000	449,000	358,000
Synthetic Crude Oil and Bitumen Royalty	58,872	43,000	384,000	469,000	180,000	155,000
Bonuses and Sales of Crown Leases	463,691	430,000	666,000	650,000	600,000	585,000
Rentals and Fees	141,751	143,000	149,000	157,000	162,000	163,000
Coal Royalty	17,054	15,000	13,000	14,000	14,000	14,000
Alberta Royalty Tax Credit	(249,486)	(256,000)	(262,000)	(197,000)	(217,000)	(212,000)
Total Non-Renewable Resource Revenue	2,368,579	2,416,000	4,310,000	4,048,000	3,357,000	3,109,000
Freehold Mineral Rights Tax	111,801	98,000	117,000	135,000	115,000	112,000
Investment Income	1,636	1,000	1,000	1,000	1,000	1,000
Industry Levies and Licences	45,815	54,282	48,981	62,167	63,574	64,754
Internal Government Transfers	100	8,200	8,200	-	-	-
Other Revenue	7,615	5,703	6,880	4,961	4,786	4,786
MINISTRY REVENUE	2,535,546	2,583,185	4,492,061	4,251,128	3,541,360	3,291,540
EXPENSE						
Program						
Ministry Support Services	2,256	2,567	2,567	2,631	2,641	2,644
Program Support	16,011	14,931	14,931	15,555	15,689	16,613
Amortization	4,160	4,408	4,408	4,588	4,588	4,588
Revenue Management	19,224	28,642	25,642	29,389	29,515	29,555
Policy Development and Analysis	5,868	5,803	5,803	6,435	6,031	7,065
Rural Utilities	7,263	7,150	10,150	7,192	7,202	7,205
Electricity	1,054	1,229	1,229	1,255	1,262	1,264
Forest Industry Development	1,296	1,236	1,236	1,347	1,352	1,354
Energy Regulation	62,607	64,759	64,232	76,671	79,931	82,271
Orphan Abandonment	3,377	7,325	3,200	3,200	2,750	2,500
Gas Alberta	91	-	-	-	-	-
Northern Development	962	1,813	1,813	1,843	1,598	1,603
Department Statutory Valuation Adjustments	199	35	35	35	35	35
MINISTRY EXPENSE	124,368	139,898	135,246	150,141	152,594	156,697
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	2,411,178	2,443,287	4,356,815	4,100,987	3,388,766	3,134,843

Consolidated Net Operating Result

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
Ministry Revenue	2,535,546	2,583,185	4,492,061	4,251,128	3,541,360	3,291,540
Inter-ministry consolidation adjustments	(100)	(8,200)	(8,200)	-	-	-
Consolidated Revenue	2,535,446	2,574,985	4,483,861	4,251,128	3,541,360	3,291,540
Ministry Program Expense	124,368	139,898	135,246	150,141	152,594	156,697
Inter-ministry consolidation adjustments	-	-	-	-	-	-
Consolidated Program Expense	**124,368**	**139,898**	**135,246**	**150,141**	**152,594**	**156,697**
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	2,411,078	2,435,087	4,348,615	4,100,987	3,388,766	3,134,843